Liberalising trade in agriculture commodities

246. SHRI SITARAM YECHURY: Will the Minister of AGRICULTURE be pleased to state:

(a) whether Government have decided to liberalise the trade in agricultural commodities;

(b) the reasons which forced Government, hitherto, not to liberalise the said trade;

(c) the impact of this decision on the prices of agricultural commodities;

(d) whether it is not a fact that the recent price rise is the result of the above decision; and

(e) if so, whether Government would review the said decision?

THE MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTI LAL BHURIA): (a) Article XI of the GATT prohibits use of quantitative restrictions. Accordingly, quantitative restriction on agricultural commodity imports were removed with effect from April, 2001. Agricultural exports have generally not been restricted.

(b) Quantiative restrictions on imports were maintained for balance of payments reasons. Export restrictions have been imposed from time mainly on account of domestic shortages.

(c) and (d) The prices of agricultural commodities depend on demand-supply and various other macro-economic factors including trade. One of the reasons for the recent price rise in the short fall in domestic supplies relative to demand and the hardening of international prices. The liberalized global trade in agricultural commodities has generally provided opportunities to the farmers for realizing better prices.

(e) Reivew of foreign trade policy is a continuous process and decisions are taken from time to time depending upon the situation. The Government monitors the imports and exports of sensitive item regularly. Imports are regulated by appropriate calibration of applied tariffs within the bound levels. Exports are restricted in case of domestic shortages and persistent price rise.